

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF WEST SHELBY)	
WATER DISTRICT FOR APPROVAL OF)	
A PURCHASED WATER ADJUSTMENT)	
CLAUSE AND A MOTION TO ADJUST)	
RATES IN ACCORDANCE WITH THE)	CASE NO. 8265
PURCHASED WATER ADJUSTMENT)	
CLAUSE APPROVED HEREIN)	

O R D E R

On June 30, 1981, the West Shelby Water District ("Applicant") filed an application with the Public Service Commission for approval of a purchased water adjustment clause and permission to increase the rates charged to its customers in accordance with the provisions of the requested purchased water adjustment clause.

On June 10, 1981, the Applicant's supplier, Shelbyville Municipal Water and Sewer Commission, notified the Applicant that, effective July 1, 1981, the cost of water to the Applicant per 1000 gallons would increase from \$.58 to \$1.00. This represents a 73% increase over the previous rate charged to the Applicant. To be effective July 1, 1982, the supplier stated that it will further increase the cost of water to the Applicant by an additional 20% per 1000 gallons. The Applicant's financial condition will not permit absorption of a cost increase of this magnitude.

On August 18, 1981, a hearing was held in the Commission's offices in Frankfort, Kentucky, to determine the necessity of a purchased water adjustment clause and the reasonableness of an

adjustment to the customers' rates to reflect the July 1, 1981, increased cost of water to the Applicant. All parties were notified and no intervenors were present at the hearing. After reviewing the evidence of record and being advised, the Commission is of the opinion and finds that:

(1) The Applicant does not have on file with this Commission a purchased water adjustment clause in its tariff.

(2) A purchased water adjustment clause is in the best interest of the public and should be approved.

(3) The Applicant's supplier has increased the wholesale water rates charged to the Applicant, effective July 1, 1981.

(4) The Applicant's adjustment in rates, which will produce additional revenues of \$29,672, under the provisions of the purchased water adjustment clause, is fair, just, reasonable, and in the public interest and should be allowed, effective with water service rendered on and after the date of this Order.

IT IS THEREFORE ORDERED that the purchased water adjustment clause, as set out in Appendix A, and attached hereto, is in the best interest of the public and is hereby approved.

IT IS FURTHER ORDERED that the purchased water adjustment sought by the Applicant is hereby approved, effective with service rendered on and after the date of this Order as set out in Appendix B, attached hereto and made a part hereof.

IT IS FURTHER ORDERED that within 20 days from the date of this Order, the Applicant shall file with this Commission its revised tariff sheets setting forth the rates approved herein.

Done at Frankfort, Kentucky, this 2nd day of September, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Vohs
Chairman

Katharine Randall
Vice Chairman

Jim Haragan
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8265 DATED September 2, 1981

The following rates and charges are prescribed for the customers of West Shelby Water District. All other rates and charges not specifically mentioned herein shall remain in the same as those in effect under authority of the Commission prior to the date of this Order.

Purchased Water Adjustment Applicable to the West Shelby Water District Rate Schedule

The retail rates now authorized and operable are based upon the wholesale cost of water to the Applicant pursuant to valid contracts or wholesale tariffs on file with the Commission. For purposes of this purchased water adjustment clause, those wholesale rates shall be considered as the base rate for purchased water.

Application for Change in Base Rate. In the event there is a change in the base rates, the Applicant shall file with the Commission the following information:

- (1) A copy of the wholesale supplier's tariff effecting a change in the base rate and a statement from the wholesale supplier evidencing the effective date of the new rates;

(2) A detailed statement of water purchased under the base rate for previous 12 months' showing billing under the base rate and the applicable proposed rate;

(3) A detailed statement of water sold for the same 12 months' period;

(4) A balance sheet and statement of operating expenses and revenues corresponding to the same 12 months' period, said period ending not more than 90 days prior to the date of this utility's application for an increase in the base rate;

(5) Evidence that the Applicant has notified its customers of the proposed change, in the event of an increase only;

(6) Revised tariff sheets reflecting the rates the Applicant proposes to charge; and

(7) Such other information as the Commission may request for a proper determination of the purchased water adjustment.

Upon receipt of all the necessary information, the Commission will review the effect of the changed rate upon the Applicant's operations and if an increase is proposed, determine whether all or a part of the increase can be absorbed by the Applicant. The Applicant shall not implement its proposed revised rates until the Commission issues

an Order authorizing the Applicant to adjust its rates. If an adjustment is authorized, the supplier's changed rate shall become the supplier's base rate for use in future applications.

The maximum amount of the adjustment so ordered shall not produce revenue adjustments greater than the difference between the purchased water billed at the base rate and the purchased water billed at the authorized revised rate.

The notice required by (5) may be accomplished by a bill insert.

Calculation of the Purchased Water Adjustment. If a change is made in a base rate charged to the Applicant by its supplier(s), the unit charges of the wholesale tariff shall be increased or decreased by a purchased water adjustment calculated as follows:

(1) Water purchases shall be computed at the supplier's base rate and the supplier's new rate using a period of 12 calendar months ending within 3 months preceding the month of the effective date of the supplier's rate change. The difference between these amounts shows the total change in the Applicant's purchased water costs.

(2) The total change in purchased water costs shall be divided by the actual number of cubic feet or gallons sold, yielding the purchased water adjustment expressed in

cents per cubic feet or gallons, unless the Applicant's water purchases exceed 115% of water sales during the 12-month period.

(3) In instances where water purchases exceed 115% of water sales, the actual water sales shall be divided by 85%, yielding the maximum allowable water purchases. The maximum allowable water purchases shall then be multiplied by the change in cost per cubic foot or gallon, yielding the total allowable change. The total allowable change shall then be divided by the actual number of cubic feet or gallons sold, yielding the purchased water adjustment expressed in cents per cubic feet or gallons.

Procedure for Distribution of Refunds from Suppliers.

In the event the Applicant receives a refund from its supplier for amounts previously paid, the Applicant shall immediately apply to the Commission for authority to make adjustments on the amounts charged customers' bills under this regulation as follows:

(1) The total refund received by the Applicant shall be divided by the number of cubic feet or gallons of water the water utility estimates it will sell to its customers during the four-month period beginning with the first day of the month following receipt of the refund, yielding a refund factor.

(2) Effective with meter readings taken on and after the first day of the second month following receipt of the refund, the Applicant will reduce by the refund factor any purchased water adjustment that would otherwise be applicable during the period. The period of reduced purchased water adjustment shall be adjusted, if necessary, in order to most nearly approximate the total amount to be refunded.

(3) In the event Applicant receives a large or unusual refund, the Applicant may apply to the Commission for a deviation from the procedure for distribution of refunds specified herein.

The base rate for purchased water for the future application of its purchased water adjustment clause is:

<u>Supplier</u>	<u>Rate</u>
Shelbyville Municipal Water & Sewer Commission	\$1.00 per 1000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 8265 DATED September 2, 1981

The following rates are prescribed for all customers served by West Shelby Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

General Service

Gallonge block

Monthly Rate

5/8" x 3/4" Meter

First	2,500 gallons	\$ 9.25 Minimum
Next	7,500 gallons	3.20 per 1,000 gallons
Next	20,000 gallons	2.70 per 1,000 gallons
Next	200,000 gallons	2.30 per 1,000 gallons
Over	230,000 gallons	2.00 per 1,000 gallons

3/4" Meter

First	3,500 gallons	12.45 Minimum
Next	6,500 gallons	3.20 per 1,000 gallons
Next	20,000 gallons	2.70 per 1,000 gallons
Next	200,000 gallons	2.30 per 1,000 gallons
Over	230,000 gallons	2.00 per 1,000 gallons

1" Meter

First	5,000 gallons	17.25 Minimum
Next	5,000 gallons	3.20 per 1,000 gallons
Next	20,000 gallons	2.70 per 1,000 gallons
Next	200,000 gallons	2.30 per 1,000 gallons
Over	230,000 gallons	2.00 per 1,000 gallons

1-1/2" Meter

First	10,000 gallons	33.25 Minimum
Next	20,000 gallons	2.70 per 1,000 gallons
Next	200,000 gallons	2.30 per 1,000 gallons
Over	230,000 gallons	2.00 per 1,000 gallons

Gallonge block

2" Meter

First 16,000 gallons
Next 14,000 gallons
Next 200,000 gallons
Over 230,000 gallons

Monthly Rate

\$ 49.45 Minimum
2.70 per 1,000 gallons
2.30 per 1,000 gallons
2.00 per 1,000 gallons

3" Meter

First 30,000 gallons
Next 200,000 gallons
Over 230,000 gallons

\$ 87.25 Minimum
2.30 per 1,000 gallons
2.00 per 1,000 gallons

4" Meter

First 50,000 gallons
Next 180,000 gallons
Over 230,000 gallons

\$133.25 Minimum
2.30 per 1,000 gallons
2.00 per 1,000 gallons

6" Meter

First 100,000 gallons
Next 130,000 gallons
Over 230,000 gallons

\$248.25 Minimum
2.30 per 1,000 gallons
2.00 per 1,000 gallons